

Message Text

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TO SECSTATE WASHDC 3683
INFO AMEMBASSY MEXICO

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FOR EXIMBANK

E.O. 11652: N/A
TAGS: BPRO, MX
SUBJ: PROPOSED EXIMBANK GUARANTEE FOR SALE OF WELDING MACHINERY
TO INDUSTRIA AUTOMOTRIZ, S.A., MONTERREY, MEXICO

REF: STATE 100032

1. RAMIREZ GROUP OF COMPANIES CONSISTS OF SEVEN SEPARATE FIRMS ALL SUBSTANTIALLY OWNED BY GREGORIO RAMIREZ AND HIS BROTHERS. THE LOCAL CREDIT RECORD OF THE CENTRAL FIRM, TRAILERS DE MONTERREY IS NOT UNBLEMISHED. SUPPLIERS AND BANKERS EXPLAIN THAT TRAILERS IS AN INVETERATE LATE-PAYER. THEY NOTE THAT NO MALA FIDES IS INVOLVED, BUT EXPLAIN THAT TRAILERS ITSELF IS STARVED FOR LIQUIDITY BY ITS OWN NEED TO EXTEND CREDIT FOR UP TO TWO YEARS TO PURCHASERS OF ITS EXPENSIVE, INTER-CITY BUSES. EVEN BY ABSORBING MOST FUNDS GENERATED BY THE GROUP'S TWO CAPTIVE BANKS, BANCO DE MONTERREY AND SOCIEDAD GENERAL DE CREDITO, TRAILERS IS STILL A NOTORIOUSLY SLOW PAYER, ALTHOUGH NO ACTUAL DEFAULTS HAVE BEEN REPORTED.

2. INDUSTRIAL AUTOMOTRIZ HAS BETTER LOCAL CREDIT RECORD THAN TRAILERS. ONE LOCAL FIRM WHICH SUPPLIES INDUSTRIA AUTOMOTRIZ TOLD US THIS MEMBERS OF RAMIREZ GROUP "ALWAYS PAYS ON TIME". BANKING CONTACT NOTED INDUSTRIA AUTOMOTRIZ WAS HURT BY 1976
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PESO DEVALUATION, BUT AGAIN BEGAN OPERATING IN THE BLACK IN 1977. 1978 WILL PROBABLY BE MUCH BETTER YEAR SINCE FIRM HAS SIGNED SEVERAL NEW CONTRACTS TO SUPPLY MAJOR MEXICAN AUTO FIRMS AND IS ABOUT TO CONTRACT WITH MITSUBISHI FOR ASSEMBLY OF JAPANESE COMPONENTS FOR RE-EXPORT TO JAPAN. BANGER NOTED HIS BANK HAS AUTHORIZED TOTAL CREDIT LINE OF PESOS TEN MILLION TO INDUSTRIAS AUTOMOTRIZ OF WHICH BURROWER HAS AVAILED ITSELF OF OVER

SEVEN MILLION. THESE BURROWINGS WERE SECURED BY MEXICO'S EXPORT PROMOTION BANK (FOMEX), AND NOT BY FIRM'S OWNERS. IT IS, HOWEVER, COMMON PRACTICE AMONG MEXICAN BANKS TO OBTAIN GUARANTEES FROM OWNERS TO FACILITATE ACCESS TO PERSONAL HOLDINGS IN CASE OF COMPANY DEFAULT.

3. OUR CONTACTS HAVE NO INFORMATION ON PERSONAL NET WORTH OF RAMIREZ FAMILY. THIS KIND OF INFO IS TOUGH TO GET FOR OBVIOUS REASONS, WHICH INCLUDE PROCLIVITY OF SOME RICH MEXICANS TO INVEST ABROAD OR OWN LARGER-THAN-LEGAL LAND HOLDINGS.

4. ONE LOCAL BANK CONTACT NOTED INDUSTRIAS AUTOMOTRIZ DEALS WITH FIRST PENNSYLVANIA BANK WHICH MAY CAST ADDITION LIGHT ON CREDIT RECORD.

5. WE SEE NO POLITICAL OBJECTION TO PROPOSED GUARANTEE.
MCLENDON

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